

Message Text

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ACTION EUR-12

INFO OCT-01 EA-07 ISO-00 SP-02 USIA-06 AID-05 EB-07 NSC-05

CIEP-01 TRSE-00 SS-15 STR-04 OMB-01 CEA-01 L-03 H-02

PA-01 PRS-01 CIAE-00 COME-00 FRB-03 INR-07 NSAE-00

LAB-04 SIL-01 SAM-01 IO-13 /103 W

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R 021715Z DEC 76

FM AMEMBASSY BONN

TO SECSTATE WASHDC 3796

INFO USMISSION EC BRUSSELS

USMISSION OECD PARIS

AMEMBASSY TOKYO

AMEMBASSY BRUSSELS

AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

AMEMBASSY LONDON

AMEMBASSY LUXEMBOURG

AMEMBASSY PARIS

AMEMBASSY THE HAGUE

AMEMBASSY ROME

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E.O. 11652: GDS

TAGS: EGEN, PFOR, EEC, GW

SUBJ: FRG VIEWS ON EUROPEAN COUNCIL MEETING

REF:(A) THE HAGUE 6606; (B) THE HAGUE 6631

1. SUMMARY: OUR INITIAL READING IS THAT CHANCELLOR SCHMIDT USED NOVEMBER 29-30 EUROPEAN COUNCIL MAINLY TO REAFFIRM BASIC FRG POSITIONS ON KEY NORTH/SOUTH ISSUES. HE DID NOT, HOWEVER, SEEK EC-9 ENDORSEMENT

OF THESE POSITIONS, PERHAPS BECAUSE OF GENERAL CONSENSUS THAT URGENCY REMOVED, SINCE CIEC MINISTERIAL
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WILL PROBABLY BE POSTPONED TO SPRING 1977. END

SUMMARY.

2. WE SPOKE DECEMBER 2 WITH CHANCELLERY OFFICIAL FOR EC MATTERS RE FRG ASSESSMENT OF EC SUMMIT IN THE HAGUE. (OUR SOURCE DID NOT GO TO THE HAGUE SUMMIT BUT HAD READ IN ON SCHMIDT'S PRESENTATION AND SUBSEQUENT BRIEFING TO FRG CABINET DECEMBER 1. WE PLAN TO MEET WITH OTHER FRG OFFICIALS WHO ACCOMPANIED SCHMIDT AND REPORT FURTHER.)

3. CIEC ISSUES. CHANCELLERY REP SAID THAT, EVEN BEFORE CABINET MET NOVEMBER 24 TO REVIEW NORTH/SOUTH BIDDING, THERE HAD BEEN GENERAL BELIEF THAT CIEC MINISTERIAL WOULD BE POSTPONED TO SPRING 1977. AS RESULT, CABINET HAD NOT TAKEN TIME TO REVIEW CIEC ISSUES PRIOR TO SUMMIT, AND SCHMIDT HAD USED THE HAGUE FORUM MAINLY TO REAFFIRM HARDLINE FRG POSITIONS ON MAJOR ISSUES -- E.G., COMMODITIES, LDC INDEBTEDNESS -- WITHOUT SEEKING TO BRING HIS EC COLLEAGUES FORMALLY ON BOARD. SCHMIDT TOLD PRESS AFTER SUMMIT THAT, BECAUSE NEW US ADMINISTRATION WILL PLAY MOST IMPORTANT ROLE IN NORTH-SOUTH DIALOGUE, THERE IS "GENERAL TENDENCY NOT TO AIM FOR A CONCLUSION OF THIS CONFERENCE IN DECEMBER 1976, BUT RATHER TO POSTPONE IT TO THE SPRING OF 1977." CHANCELLERY SOURCE PREDICTED THAT, ALTHOUGH SCHMIDT HAD MADE STRONG IMPRESSION ON HIS EC COLLEAGUES AS TO GOALS WHICH COMMUNITY MUST SEEK IN CIEC FINALE, SUCH IMPACT WILL EVAPORATE ONCE EC HEADS OF GOVERNMENT RETURN HOME TO FACE PRESSURES FOR GREATER CONCESSIONS TO G-19 (E.G., HOLLAND). OFFICIAL FURTHER OPINED THAT FEBRUARY 1977 EUROPEAN COUNCIL WILL HAVE TO MAKE TOUGH DECISIONS ON CIEC COMPROMISES WHICH THIS WEEK'S SUMMIT FAILED TO MAKE.

4. AID TO UK. WE ASKED ABOUT D-J TICKER REPORT THAT SCHMIDT, FOLLOWING BILATERAL BREAKFAST WITH PM CALLAGHAN, HAD SAID THAT FRG WOULD UNILATERALLY HELP UK WITH ITS FINANCIAL PROBLEMS IF IMF PACKAGE

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LAB-04 SIL-01 SAM-01 IO-13 /103 W

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R 021715Z DEC 76

FM AMEMBASSY BONN

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NOT FORTHCOMING. OFFICIAL REPLIED THAT HE HAD REPEATEDLY CHECKED THIS STORY WITH MEMBERS OF SCHMIDT ENTOURAGE WHO WENT TO THE HAGUE AND TO CALLAGHAN BREAKFAST. ALL SOURCES HAD INSISTED THAT SCHMIDT DECLINED ALL PUBLIC COMMENT ON SUBJECT OF AID TO ENGLAND, AND THAT PRESS STORIES TO CONTRARY ARE BASELESS.

5. OTHER ISSUES. IN CHANCELLERY VIEW, EUROPEAN COUNCIL AGENDA HELD NO DRAMA IN OTHER AREAS. DISCUSSION ON JAPANESE-EC TRADE PROBLEMS, TINDEMANNS
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REPORT AND INTERNAL EC ECONOMIC SITUATION HAD GONE

AS FRG HAD EXPECTED. STRONG DIFFERENCE OF VIEW EMERGED DURING THE REVIEW OF CAP AILMENTS, PARTICULARLY MUSHROOMING MCA (MONETARY COMPENSATORY AMOUNTS) PAYMENTS TO U.K., FRG AND OTHER EC STATES WANT TO STAUNCH THIS FINANCIAL FLOW, BUT CHANCELLERY OFFICIAL DECLARED EMPHATICALLY THAT SCHMIDT DID NOT, AND WILL NOT, PUSH CALLAGHAN TOO FAR ON THIS SUBJECT, LEST A SUDDEN CUT IN MCA FLOW SHOULD SIGNIFICANTLY WORSEN UK ECONOMIC PLIGHT AND SCUTTLE CALLAGHAN'S LEAKY SOCIAL CONTRACT AS WELL.

6. QUO VADIS, EUROPA? WE BRIEFLY REVIEWED FRG PREPARATIONS FOR GOVERNMENT POLICY STATEMENT TO BE READ DECEMBER 16, AFTER BUNDESTAG ELECTS CHANCELLOR. OUR CONTACT SAID THAT SPD-FDP COALITION TALKS HAVE YET TO ADDRESS EUROPE, AND WILL NOT TAKE UP SUBJECT UNTIL NEXT WEEK. CHANCELLERY, MEANWHILE, CASTING ABOUT FOR SUITABLE LANGUAGE FOR GOVERNMENT STATEMENT. FRG WORKING-LEVEL OPINION IS DIVIDED ON WHETHER DECLARATION SHOULD PAY HOMAGE TO EUROPEAN IDEALS, WHICH ARE RECEDING INTO DISTANT FUTURE, OR CONFINE ITSELF SIMPLY TO PRAGMATIC, BY-STEP REVIEW OF CURRENT PROBLEMS FACING EUROPE, WITHOUT MENTIONING IDEALS OF UNION, ETC.

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Message Attributes

Automatic Decaptoning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: REGIONAL ORGANIZATIONS, MEETINGS, MEETING REPORTS, FOREIGN POLICY POSITION, RELATIONS WITH REGIONAL ORGS
Control Number: n/a
Copy: SINGLE
Draft Date: 02 DEC 1976
Decapton Date: 01 JAN 1960
Decapton Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: ShawDG
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976BONN20365
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: D760446-0640
From: BONN
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t19761276/aaaacobd.tel
Line Count: 194
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EUR
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 4
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: 76 THE HAGUE 6606, 76 THE HAGUE 6631
Review Action: RELEASED, APPROVED
Review Authority: ShawDG
Review Comment: n/a
Review Content Flags:
Review Date: 24 MAR 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <24 MAR 2004 by morefirh>; APPROVED <12 AUG 2004 by ShawDG>
Review Markings:

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Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: FRG VIEWS ON EUROPEAN COUNCIL MEETING
TAGS: EGEN, PFOR, GE, EEC
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006